

REPORT FOLLOW-UP

AGENCY: IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

On October 4, 2004, the Legislative Services Office released a *Management Report on Internal Control* for the Idaho Commission for the Blind and Visually Impaired for fiscal years 2001, 2002, and 2003.

The Commission was contacted on February 3, 2005, and this follow-up report addresses how the Commission has responded to the two findings and recommendations contained in that report.

STATUS OF RECOMMENDATIONS:

Finding #1 – The Commission needed to improve controls to ensure that all potential Social Security Administration reimbursement claims were identified and properly calculated. The Social Security Administration (SSA) reimburses entities for the cost of rehabilitating clients who become employed for at least nine months within a 12-month period. At the time of the audit, the Commission had no written procedures and relied solely on the Commission's counselors to identify clients who became employed. Although the counselors identified some clients, reviewing its practices and developing sound procedures would help identify additional clients who may have met the employment requirement. This would result in additional reimbursement claims and increased revenue for the State. Also, a majority of the reimbursement claims were adjusted by SSA without any follow up by the Commission to determine why.

We recommended that the Commission review its current practices and SSA regulations, explore additional avenues to identify and verify client employment, and develop written procedures and policies. The written procedures and policies should include, but not be limited to, the following:

- 1. Monitoring clients who successfully complete rehabilitation.**
- 2. Determining an appropriate length of time to monitor clients.**
- 3. Reviewing each reimbursement claim for accuracy.**
- 4. Following up to determine why the SSA adjusts reimbursement claims.**
- 5. Ensuring compliance with the written policies and procedures.**

Audit Follow-up – The Commission has made improvements to the SSA reimbursement process and has implemented new policies that outline an appropriate amount of time to monitor clients. This policy provides guidelines for reviewing clients who may be more likely to qualify the State for SSA reimbursement. The Commission is also in the process of creating an electronic review of all clients on a quarterly basis. This process includes exchanging data with the SSA via the Idaho Department of Health and Welfare.

Status – IN PROCESS

Finding #2 – Accounting controls for the Commission's aids and appliances inventory were inadequate. The Commission maintains an inventory of aids and appliances to sell primarily to its clients. At the time of our audit, the inventory value exceeded annual sales. Controls needed to be improved as explained below:

- 1. One employee was responsible for purchasing and receiving inventory and recording all inventory transactions, including inventory adjustments and write-offs; no other employee reviewed the work.**

2. No employee verified that items paid for were actually received by the Commission.
3. Many staff members had access to the inventory, increasing the likelihood of items being added or removed without being properly accounted for.
4. The inventory may have been too large and was not reviewed for turnover or usage.

We recommended that the Commission determine the need for such an inventory or for such a large inventory. We also recommended that the Commission segregate duties, approve adjustments and write-offs, ensure items paid for were received, restrict access, review product turnover rates, and adjust inventory levels as necessary.

Audit Follow-up – The Commission has made improvements to its accounting controls related to the aids and appliances inventory. A monthly inventory count is taken and reconciled to inventory received and sold. The accounting section reviews all inventory adjustments. Access to the inventory is limited to the storekeeper, the store supervisor, and the accounting supervisor. The total inventory level has been reduced by 30%, and the Commission is continuing to reduce the amount of inventory on hand.

Status – CLOSED